

## 8. Executive Summary

Leaco Rural Telephone Cooperative, Inc. ("Leaco") established in 1954, with headquarters located in Hobbs, New Mexico is a telecommunications utility acting as a local exchange carrier in southeastern New Mexico and Texas. Leaco provides wireline and wireless voice and data service to rural residents in southeastern New Mexico. Leaco's service area includes square miles with voice subscribers. Leaco's five exchanges are located in Lea, Eddy, and Chaves counties.

Leaco has been in the RUS Telecommunications Loan Program as a Title II borrower for most of its life.

Leaco's strengths as a Cooperative have come from a rich history of serving its owner/customers in the very rural areas where no other company would provide service. Leaco strives to consistently bring leading edge technology to its customers and in many cases has been the first to do so. Leaco also strives to maintain close friendly ties with the communities it serves through its business offices and retail stores.

Leaco is committed to the businesses and residents of the communities it serves and is also a significant contributor to the economic development in Lea County. Leaco works directly with empowerment zones and businesses to ensure the continual development of the rural community. Leaco offers high speed data service to ensure businesses can compete in the worldwide market place.

Leaco's prevalent strength lies in the fact that it is subscriber owned. Leaco has been at the center of the economic lives of the rural communities it serves for the last fifty-five years. Their industry experience is an asset that exists not only among its management but among its employees as well. The loyalty and versatility of the workforce provides a significant advantage in building network infrastructure and integrity.

Leaco's current broadband data service is provided through wired and wireless technologies. Broadband is provided in three of its five exchanges, using DSL. Wireless broadband is provided through

Leaco has offered fixed wireless data service for 11 years. Leaco provides its own help desk, network monitoring, billing, and marketing.

Leaco has developed this application for the BIP loan/grant under the Recovery Act of 2009. Leaco propose to use the funds provided under this program to construct a fixed wireless broadband system to serve the very rural customers that are currently unserved and underserved in southeastern New Mexico and west Texas.

The use of ARRA funds will allow Leaco to afford rural households the opportunity to obtain quality “high speed” broadband. The availability of service at reasonable rates will increase penetration and online usage. Leaco will also use steep discounts to help the community anchor institutions and public safety obtain service to improve their operations.

The proposed service area will extend from \_\_\_\_\_ Texas in west Texas into the western portion of Lea County, New Mexico to include \_\_\_\_\_ and south to include \_\_\_\_\_ New Mexico. A majority of the area is underserved, with large pockets of unserved area. The ARRA funds will bring broadband service and reasonable access for those in the greatest need.

The proposed service a total area will pass \_\_\_\_\_ households and approximately \_\_\_\_\_ businesses. Leaco will serve \_\_\_\_\_ square miles of area, which includes \_\_\_\_\_ square miles of underserved, and \_\_\_\_\_ square miles of served area.

Leaco will target the community anchor institutions, public safety entities and critical community organizations. These entities have been contacted and several plan to participate in the project when service is available. Leaco’s offering of a 25 percent discount for service to these entities has increased awareness and probability for service acceptance. Leaco will pass 13 health care facilities, 32 schools and higher learning centers, 5 libraries and 15 public safety facilities.

Leaco will provide individual or bundled services for VoIP and data. The data service will be provided over a wireless broadband pipe of advertised rates up to \_\_\_\_\_ Mbps download \_\_\_\_\_ Mbps up. Voice offering will include local and long distance service, all vertical services with CNAM, Caller ID and Voice Mail, as well as data connectivity to the Internet. Internal servers will provide email and VoIP services. Leaco will also offer home networking and help desk services to ensure customers maintain service and can contact the applicant when problems arise.

Leaco proposes to meet the non-discrimination and interconnection requirements, as defined by the Act. Leaco will also open its network to allow for wholesale service offerings.

Leaco will construct a fixed wireless data network for all the proposed service area. The proposed equipment includes transmitter, antennas, transmission lines, routers, switches and microwave backhaul equipment. All equipment to be purchased meets standards based requirements.

Leaco is ready to purchase the equipment, install and turn up the system. Leaco owns most of the towers to be used, and construction can begin upon award of funding.

Leaco currently provides broadband service and has all the core network equipment in operation that is required to offer the services proposed for the last mile service area. Leaco uses its current internet connection service and billing system to provide services. Leaco has staff and consultants in place to complete purchase agreements and supervise installation, testing and turnup of the system.

Leaco's management and staff have constructed new communication facilities in the past and have the expertise to ensure that quality of service is maintained during the operation. Leaco is currently cash flow positive and will be able to sustain a quality service with the use of grant funds while constructing the facilities.

Leaco's overall cost to construct the proposed Service Area is \$5,172,325. The cost per household passed is

Leaco expects to add        subscribers on the network in the new funded service areas. The overall take rate is projected to be        percent for data service. Leaco's offering of bundled service will entice many customers to take voice and data services with reduced pricing.

Leaco estimates it will add 4 jobs during the construction phase of the project. Leaco will add 4 employees full time to handle the network operations, marketing and billing system for the new areas. Many jobs outside of Leaco will be positively impacted and it is expected that Leaco's broadband service will have a similar effect on local economies and save jobs which may otherwise be at risk.

The service offering will be community wide, so potential customers not identified in this study will have the capability to receive broadband service, at their home, office or educational facility.

With the ARRA 2009 comes an opportunity to immediately address deficiencies in rural broadband infrastructure and allow for immediate construction of the needed investment in rural America. This investment will have a direct impact on the economic lives of the people and the communities in which they live. The opportunity for a rural household to enjoy the benefits of unlimited high speed internet service for their children to pursue academic excellence and international recognition is priceless. Leaco's strategy is to enhance the lives of rural consumers and keep the towns prosperous and alive. This can be done by providing much needed broadband infrastructure which will allow households, local government, schools, libraries, rural health clinics and small business to compete globally. Leaco Rural Telephone Cooperative, Inc., respectfully requests consideration for the needed ARRA funds to advance the public interest and carry out the President's agenda on economic recovery.

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